



Specialty License Plate Audit Florida Association of Food Banks Audit Report 201213-02

April 3, 2013

Executive Summary

The purpose of this audit was to examine the Florida Association of Food Banks (FAFB) financial data associated with specialty license plate fees for compliance with applicable laws, policies and regulations. The FAFB is required to submit a Specialty License Plate Revenue, Expenditure and Compliance Affidavit to the Department within nine months after the end of the FAFB fiscal year. The most recent affidavit the FAFB submitted, for the 2010-11 Fiscal Year ended June 30, 2011, was used for this audit.

For every Florida Food Banks (Imagine) specialty license plate sold or renewed, a \$25 annual use fee is charged and distributed to the FAFB, a non-profit organization representing 14 member food banks throughout Florida. For the 2010-11 Fiscal Year, the FAFB received \$327,504 in specialty license plate annual use fees.

Section 320.08058(49)(b), Florida Statutes (F.S.), specifies the FAFB may use up to 25 percent of the annual use fees to market the association's concept and the license plate. The balance of the proceeds shall be used to fund programs to end hunger in Florida.

During our evaluation, we determined the FAFB did not maintain detailed time sheets for employee salary expenses funded with Imagine specialty license plate fees as required by their policies and procedures. We also determined FAFB used Imagine specialty license plate fees for unallowable administrative, education and advocacy expenses.

The FAFB concurred with our findings and recommendations, and established timesheets for staff use. The FAFB plans to reimburse the Imagine fund for the unallowable administrative expenses, and will cease funding advocacy and lobbying services with the Imagine specialty license plate funds.

Background and Introduction

Specialty license plates are license plates available to the general public with unique designs that promote philanthropic and other causes and require payment of an additional annual use fee. Section 320.08056, Florida Statutes (F.S.), authorizes the issuance of all specialty license plates and specifies the annual use fee for each of the 120 specialty license plates Florida offers.

Section 320.08062, F.S., grants the Department authority to examine all records relating to the use of specialty license plate annual use fees. The Office of Inspector General included the examination of specialty license plates in its annual work plan.

The Florida Food Banks (Imagine) specialty license plate was enacted July 1, 2004. For every Imagine license plate sold or renewed, a \$25 annual use fee is charged and distributed to the Florida Association of Food Banks (FAFB), a non-profit organization with the mission of managing and administering resources for 14 member food banks in order to enhance and support efforts to feed needy residents in all 67 Florida counties.

Section 320.08058(49)(b), F.S., specifies the FAFB may use up to 25 percent of the annual use fees to market the association's concept and the license plate. The balance of the proceeds shall be used to fund programs to end hunger in Florida.

The FAFB is required to submit a Specialty License Plate Revenue, Expenditure and Compliance Affidavit to the Department within nine months after the end of the FAFB fiscal year. The most recent affidavit submitted, for the 2010-11 Fiscal Year ended June 30, 2011, was used for this audit.

During the 2010-11 Fiscal Year, the FAFB received \$327,504 in specialty license plate annual use fees.

Results of Audit

During our evaluation, we identified the following issues involving compliance with Section 320.08058(49)(b), F.S., that require management attention.

Findings and Recommendations

Support for Salary Expenses Charged to Programs

FAFB Imagine Policies and Procedures section B. 11) a., states that allowable program expenses include salaries of employees and officers of the organization who can prove, via detailed daily time sheets, that they actively participated in program activities.

FAFB could not provide detailed timesheets for employee salary expenses funded with Imagine specialty license plate fees for three employees. Because the FAFB did not maintain detailed daily time sheets of employees and officers of the organization that participated in program activities, the FAFB could not ensure Imagine specialty license plate fees were spent on programs to end hunger.

Finding 1

The FAFB did not maintain daily detailed time sheets for staff for time spent on programs funded with Imagine specialty license plate fees.

Recommendation

We recommend the FAFB maintain detailed time sheets as required by their policies and procedures or implement other procedures to document how FAFB employee salary expenditures are directly related to programs funded with Imagine specialty license plate fees.

Management Response

The responsibilities of two FAFB staff during the period being audited were exclusively programmatic in nature as defined by their job descriptions. Thus, 100% of their time was dedicated to allowable programmatic activities and FAFB believed that was sufficient to establish that their salary expenditures were related to programs. During the fiscal year audited, the Executive Director transitioned from a contract position to full-time employee at the beginning of the calendar year. Functional responsibilities and the percentage of the Executive Director's time spent on activities had been specifically established by contract in prior years, with the bulk of those activities programmatic in nature. FAFB has taken note of the recommendation and established timesheets for staff use.

Auditors Note

Although we agree with FAFB management that a job description including percentage of the time spent on the varying programmatic activities would be a sufficient way to document an employee's percent of work, FAFB was unable to provide documentation for employees and officers of the organization that participated in program activities for the period in question.

Unauthorized Use of Fees for Administrative Expenses

Section 320.08056(10), F.S., states administrative expenses are permissible only if specifically authorized by Section 320.08058 F.S.

Section 320.08058(49), F.S., does not specifically authorize FAFB to use specialty license plate annual use fees for administrative expenses.

FAFB Imagine Policies and Procedures B. 1), states administrative expenses are expenditures of specialty license plate fees that are considered as operating costs of the organization, including bookkeeping and support services of the organization.

FAFB Imagine Policies and Procedures D. 3), states if the purpose of an organization's expenditure of license plate fees is not specified in Florida Statute, it will be disallowed.

During the 2010-11 Fiscal Year, the FAFB used Imagine specialty license plate fees for \$4,286 of accounting expenses. These expenses were listed in FAFB financial records as accounting expenses and allocated to the Hunger Awareness program, which was funded with Imagine specialty license plate fees. FAFB staff stated Imagine funds were used because most of the work performed was for recording deposits, calculating commission and submitting payments related to the Imagine specialty license plate.

While we agree the expenditures were directly related to the Imagine specialty license plate, the expenditures specifically meet the FAFB procedures definition of administrative cost and are prohibited by Sections 320.08056(10) and 320.08058(49), F.S.

Finding 2

The FAFB used Imagine specialty license plate fees for unallowable administrative expenses.

Recommendation

We recommend the FAFB ensure that Imagine specialty license plate fees are used for allowable expenses as authorized in Sections 320.08056, and 320.08058(49)(b), F.S., and FAFB Policies and Procedures.

Management Response

FAFB interpreted the costs referred to as being programmatic in nature. However, in light of the finding, FAFB will make an accounting adjustment to reimburse the Imagine Fund from other unrestricted funds and will ensure that Imagine funds are used for allowable administrative costs (preparation of the affidavit or appropriate single audit costs).

Unauthorized Use of Fees for Education and Advocacy Expenses

Section 320.08056(11), F.S., states that specialty license plate annual use fees may not be used for the purpose of marketing to, or lobbying, entertaining, or rewarding an employee of a governmental agency that is responsible for the sale and distribution of specialty license plates.

Effective January 1, 2013, Section 320.08056(11), F.S., further states that specialty license plate annual use fees may not be used for marketing to, or lobbying, entertaining, or rewarding an elected member or employee of the Legislature.

FAFB Imagine Policies and Procedures B. 11) states program expenses are those expenditures of specialty license plate fees incurred by an organization solely for the purposes approved by the Legislature and identified in the organization's original application to the Department.

During the 2010-11 Fiscal Year, the FAFB recorded \$30,000 in expenditures related to a contract for advocacy and lobbying services. In FAFB financial records, \$24,000 was recorded as education and advocacy expenses and was funded with Imagine specialty license plate fees, and \$6,000 was recorded as lobbying expenses and was not funded with Imagine specialty license plate fees. Although the contract for services states that the contractor will assist in the development of a legislative plan, coordinate activities and strategy related to the legislative plan and serve as the FAFB advocate and registered lobbyist, it does not contain any information about the type of educational services that will be provided. Additionally, monthly invoices from the contractor are for an educational service retainer and advocacy retainer and do not clearly explain what educational services are being provided or how the expenditures relate to the contract.

Before January 1, 2013, Section 320.08056(11), F.S., did not specifically prohibit the FAFB from using Imagine funds for lobbying services, however, FAFB procedures specifically define allowable program expenses as those included in the organization's original specialty license plate application. Neither the contract for services nor invoices clearly demonstrate how the expenditures met the Imagine specialty license plate purpose of funding programs to end hunger in Florida through the acquisition, storage and distribution of food.

Finding 3

The FAFB used Imagine specialty license plate fees for unallowable education and advocacy expenses that did not meet the purpose of funding programs to end hunger in Florida.

Recommendation

We recommend the FAFB ensure that fees are used for allowable expenses as authorized in Section 320.08056, F.S., Section 320.08058(49)(b), F.S., and FAFB Policies and Procedures.

Management Response

Under the contract for advocacy and lobbying services, education services were provided that included working with FAFB staff on a regular basis reviewing and advising on materials and data that helps to present our message to farmers, citizens, media and others. The contractor also advised FAFB and our members on how to engage local communities and potential supporters in a concerted and coordinated way to maximize exposure and expand support as well as on disaster preparedness issues. While we believe the activities fit within the spirit and requirements of the law, in an abundance of caution, we will shift the funding of those activities away from the Imagine Specialty License Plate.

ATTACHMENT 1 - Purpose, Scope and Methodology

The purpose of this audit was to examine the FAFB financial data associated with specialty license plate activities and determine compliance with applicable laws, policies and regulations.

The scope of this audit included revenues and expenditures reported on the FAFB affidavit for the 2010-11 Fiscal Year ended June 30, 2011.

Methodology included:

- Reviewing Department policies and procedures related to specialty license plate fees;
- Reviewing Florida Statutes related to specialty license plate fees;
- Reconciling the Department distribution of annual use fees to the fees reported by the FAFB;
- Reconciling the Department distribution of annual use fees to receipts recorded in the FAFB financial records;
- Reconciling revenue reported on the FAFB affidavit to the FAFB financial records;
- Reconciling the expenditures reported on the FAFB affidavit to FAFB financial records;
- Tracing expenditures reported on the FAFB affidavit to supporting documentation; and
- Examining the FAFB supporting documentation for compliance with Section 320.08058, F.S, and FAFB policies and procedures.

ATTACHMENT 2 - Audit Team and Statement of Accordance

Engagement Team

Erin Mook, Auditor
David Ulewicz, Audit Director

Statement of Accordance

Section 20.055, Florida Statutes, requires the Florida Department of Highway Safety and Motor Vehicles' Inspector General to review, evaluate and report on policies, plans, procedures, accounting, financial and other operations of the Department and to recommend improvements.

This audit engagement was conducted in accordance with applicable *International Standards for the Professional Practice of Internal Auditing* published by the Institute of Internal Auditors and Principles and Standards for Inspectors General published by the Association of Inspectors General.

ATTACHMENT 3 - Addressee and Distribution List

Julie L. Jones, Executive Director
Rebecca Brislain, FAFB Executive Director

Copies distributed to:

Diana Vaughn, Deputy Executive Director
Terry Rhodes, Chief of Staff
Boyd Walden, Director of Motorist Services
Steven Fielder, Deputy Director of Motorist Services
Julie Baker, Bureau Chief of Issuance Oversight

Melinda M. Miguel, Chief Inspector General
David W. Martin, Auditor General

ATTACHMENT 4 – Management Response



Florida
Association of
Food Banks

Member Organizations:

Agape Food Bank
Lakeland, Florida
863-665-7074

All Faiths Food Bank
Sarasota, Florida
941-379-6333

Feeding America Tampa Bay
Tampa, Florida
813-254-1190

America's Second Harvest
of the Big Bend, Inc.
Tallahassee, Florida
850-562-3033

Bay Area Food Bank
Milton, Florida
888-704-3663

Bread of the Mighty
Food Bank
Gainesville, Florida
352-330-0839

Feeding South Florida
Pembroke Park, Florida
305-633-9861

First Step Food Bank
Ocala, Florida
352-732-5500

Food Bank of Manatee
Bradenton, Florida
941-747-4655

Florida Gateway Food Bank
Lake City, Florida
386-755-5893

Harry Chapin Food Bank
of Southwest Florida
Fort Myers, Florida
239-334-7007

Second Harvest Food Bank
of Central Florida
Orlando, Florida
407-295-1066

Second Harvest Food Bank
of Northeast Florida
Jacksonville, Florida
904-353-3663

Treasure Coast Food Bank
Fort Pierce, Florida
772-489-5676

March 25, 2013

David Ulewicz
Audit Director
Florida Department of Highway Safety and Motor Vehicles
2900 Apalachee Parkway
Tallahassee, FL 32399-0500

Dear Mr. Ulewicz:

We have reviewed the preliminary and tentative findings resulting from the audit conducted for the Imagine Specialty Plate for fiscal year 2010-2011. Below is a recap of each preliminary finding and the management response.

Finding 1 – Support for Salary Expenses Charged to Programs

The FAFB did not maintain daily detailed time sheets for staff for time spent on programs funded with Imagine specialty license plate fees.

Inspector General Recommendation

We recommend the FAFB maintain detailed time sheets as required by their policies and procedures or implement other procedures to document how FAFB employee salary expenditures are directly related to programs funded with Imagine specialty license plate fees.

Management Response

The responsibilities of two FAFB staff during the period being audited were exclusively programmatic in nature as defined by their job descriptions. Thus, 100% of their time was dedicated to allowable programmatic activities and FAFB believed that was sufficient to establish that their salary expenditures were related to programs. During the fiscal year audited, the Executive Director transitioned from a contract position to full-time employee at the beginning of the calendar year. Functional responsibilities and the percentage of the Executive Director's time spent on activities had been specifically established by contract in prior years, with the bulk of those activities programmatic in nature. FAFB has taken note of the recommendation and established timesheets for staff use (see attached).

Finding 2 – Unauthorized Use of Fees for Administrative Expenses

The FAFB used Imagine specialty license plate fees for unallowable administrative expenses.

Inspector General Recommendation

We recommend the FAFB ensure that Imagine specialty license plate fees are used for allowable expenses as authorized in Sections 320.08056, and 320.08058(49)(b), F.S., and FAFB Policies and Procedures.

**Florida Department of Highway Safety and Motor Vehicles
Office of Inspector General**

Management Response

FAFB interpreted the costs referred to as being programmatic in nature. However, in light of the finding, FAFB will make an accounting adjustment to reimburse the Imagine Fund from other unrestricted funds and will ensure that Imagine funds are used for allowable administrative costs (preparation of the affidavit or appropriate single audit costs).

Finding 3 – Unauthorized Use of Fees for Education and Advocacy Expenses

The FAFB used Imagine specialty license plate fees for unallowable education and advocacy expenses that did not meet the purpose of funding programs to end hunger in Florida.

Inspector General Recommendation

We recommend the FAFB ensure that fees are used for allowable expenses as authorized in Section 320.08056, F.S., Section 320.08058(49)(b), F.S., and FAFB Policies and Procedures.

Management Response

Under the contract for advocacy and lobbying services, education services were provided that included working with FAFB staff on a regular basis reviewing and advising on materials and data that helps to present our message to farmers, citizens, media and others. The contractor also advised FAFB and our members on how to engage local communities and potential supporters in a concerted and coordinated way to maximize exposure and expand support as well as on disaster preparedness issues. While we believe the activities fit within the spirit and requirements of the law, in an abundance of caution, we will shift the funding of those activities away from the Imagine Specialty License Plate.

Please feel free to contact me if there are any additional questions. The Florida Association of Food Banks is committed to full transparency in our activities and it is our intent to comply with the Specialty License Plate statutes and guidelines. We would like to thank your staff for their cooperation during the audit process.

Sincerely,



Rebecca Brislain
Executive Director

CC: Judith Cruz, President
Dave Reaney, Vice President
Kathy Stefanacci, Myers Brettholtz & Company, PA